



## Democratic State of the Union Response Center

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# FALTERING ECONOMY CAUSES INCREASE IN UNINSURED

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Today, one in six Americans has no health insurance, and millions more are under-insured or being forced to pay more for their coverage. The number of the uninsured has increased by 2.4 million since the beginning of the Bush Administration. Americans now face the largest increase in health care premiums in a decade – a new middle class tax increase. As Democrats fight to make health care more affordable, Republicans are working to reward the wealthy corporate interests that put them in power.

**The number of uninsured has risen to 43.6 million.** Every American should be confident that whether they lose their job, change jobs, get sick, or just grow old, they will be able to find affordable, high quality health care. Last year the number of uninsured has increased to 43.6 million – the largest increase in a decade. According to the National Institute of Medicine, the high rate of uninsured Americans costs the nation between \$65 billion and \$130 billion a year.

**When unemployment goes up, so do the ranks of the uninsured.** The unemployment rate has grown significantly higher since President Bush took office, and the Bush Administration is on track for the worst rate of job creation since the Great Depression. In January 2001, unemployment averaged 4.1 percent; today, it is 5.7 percent. Because the majority of workers receive health insurance through their jobs, the number of uninsured grows as unemployment rises.

**Premiums are rising.** The average cost of private health insurance premiums increased by 13.9 percent between 2002 and 2003 because of increases in prescription drug and hospital costs. This is the third year in a row of double digit increases and the largest increase since 1990 – making it harder than ever for workers and their families to afford health insurance coverage. Overall, premiums for family health plans have risen by more than 40 percent since 2000, while average individual plans increased 37 percent during the same period.

**Small businesses are responding to rising health care costs by dropping coverage.** The percentage of small businesses offering health coverage fell from 68 percent in 2001 to 65 percent in 2003.

**Job-based coverage is becoming too expensive for many workers.** Nearly two thirds of larger employers increased employee cost sharing for health insurance in 2003 in the form of higher premiums, copayments, and deductibles. Almost 80 percent of these firms expect to increase cost sharing again in the next year.

**State budget cuts force cuts in Medicaid and CHIP enrollment – increasing the number of uninsured.** Driven by flagging revenues and deep budget deficits, 34 states have made cuts over the past two years in public health insurance programs such as Medicaid and the State Children's Health Insurance Program. Over 1 million low-income people – including as many as 650,000 children – have lost health coverage as a result.

**Democrats want to help small businesses offer health insurance and address the problem of the uninsured.** Democrats want to make health insurance more affordable for all Americans, including small business owners and employees, and senior citizens. Democrats support assistance for small businesses to help them provide good health insurance to their workers, measures to reduce prescription drug prices for everyone, and a real prescription drug benefit that allows Medicare to get the best price for seniors.